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April 29, 1958

MEMORANDUM

To: W - Mr. Douglas Dillon

From: E/MDAC - W. S. DeLany, EDAC Chairman

Subject: Defense Department Appeal on ILS Case

A recommendation of the EDAC Chairman that the U.S. approve the sale by Scandinavian Airlines (SAS) of Sweden of 3 sets of airborne ILS equipment to Hungary for use by the Hungarian airline, MALEV, is herewith appealed to the Secretary of State by the Department of Defense member of EDAC. The equipment in question was purchased from the U.S. by SAS during the period 1948-1950, and has been used and now replaced by that airline.

This case has been carefully reviewed in WG I of EDAC. The Chairman of that group recommended approval, with the concurrence of State and ICA. Commerce did not concur but did not appeal. Defense non-concurred and appealed. The case was presented to EDAC (Tab A) to hear the Defense appeal (Tab B).

EDAC met on April 25 to consider the Defense appeal. At that meeting, State, ICA and ODM presented their reasons for approval of the sale. Treasury took no position. Commerce presented its reasons for non-concurrence with the sale, based on alleged conflict between NSC 5726/1 and 5704/3. CIA took no position, but did provide intelligence and technical information. Defense presented its reasons for appeal.

The EDAC Chairman recommended that the U.S. approve the sale by SAS, based on the fact that the equipment in question contains no advanced technology, that it is clearly flight-safety equipment, and that its sale to Hungary comes within the intent of, and is consistent with, NSC 5726/1 and 5704/3. State, ICA, ODM concurred. Treasury and CIA took no positions; Commerce non-concurred but did not appeal; Defense non-concurred and appeals. The basis for the Defense appeal is contained in their memorandum to the Chairman, EDAC, dated April 18, 1958, pages 5 and 6 (Tab B).

Directly related to this case are the following facts:

- (a) EDAC had considered, on August 21, 1957, a UK request to license 16 sets of similar second-hand equipment to Poland and Czechoslovakia. The Chairman recommended approval. Defense appealed the recommendation. The State Department granted the appeal (Tab C). Because of that action, the UK was advised of a U.S. objection to the licensing.

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- (b) The UK has now requested a reconsideration of the case. It has asked that, in addition to Poland (8 sets) and Czechoslovakia (8 sets), Hungary be included in the countries to which the equipment (10 sets) would be licensed. The UK case now includes 26 sets of this equipment for use by civil aviation of those three satellites.

The Chairman of EDAC requests that the subject Defense appeal to the Chairman's recommendation that SAS be authorized to sell 3 sets of used ILS equipment of U.S. origin be considered and appropriate action taken to advise the Swedish authorities.

Distribution:

ED List Parts I & II
WG I

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